

Meekins, Tanya

---

**From:** Michael.McAdams@hklaw.com  
**Sent:** Tuesday, April 29, 2014 12:15 PM  
**To:** Argyropoulos, Paul  
**Subject:** FW: BIOFUELS UPDATE: \*\*\*Speakers: EPA Should Raise 2014 Cellulosic Biofuel RVO to Create 'Pull'

My friends want you to do something the court says you cannot do.

Michael McAdams | Holland & Knight  
 Sr Policy Advisor  
 800 17th Street, NW Suite 1100 | Washington DC 20006 Phone 202.469.5140 | Fax 202.955.5564  
 michael.mcadams@hklaw.com | www.hklaw.com  
 Add to address book | View professional biography

-----Original Message-----

**From:** opisethanol@opisnet.com [mailto:opisethanol@opisnet.com]  
**Sent:** Tuesday, April 29, 2014 11:30 AM  
**To:** OPIS Ethanol Updates  
**Subject:** BIOFUELS UPDATE: \*\*\*Speakers: EPA Should Raise 2014 Cellulosic Biofuel RVO to Create 'Pull'

2014-04-29 11:30:12 EDT

\*\*\*Speakers: EPA Should Raise 2014 Cellulosic Biofuel RVO to Create 'Pull'

Washington, D.C. -- U.S. EPA needs to increase the 2014 cellulosic biofuel target as part of the Renewable Fuel Standard (RFS2) or else further market expansion and investment won't occur, advanced biofuel representatives told a press conference this morning here.

"We think this is going to be a great year for cellulosic ethanol as long as legislators and regulators don't stand in the way," Chris Standlee, executive vice president for Global Affairs at Abengoa Bioenergy, told reporters during a Fuels America press conference hosted at the National Press Club.

At least four cellulosic biofuel projects are expected to come online this year:

Abengoa Bioenergy's 25-million gal/yr plant in Hugoton, Kan. (Q2 2014), DuPont's 30-million gal/yr plant in Nevada, Iowa (Q4 2014), POET-DSM's 25-million gal/yr plant in Emmetsburg, Iowa (June 2014) and Quad County Corn Processors' 2- million gal/yr plant in Galva, Iowa (June 2014).

However, for 2014, EPA has proposed nearly across-the-board cuts to the biofuel targets. For cellulosic biofuel, EPA has proposed a 17-million gal cellulosic biofuel requirement. "I don't know exactly what our 'wish' number would be ... but I think EPA is being conservative at this point," said Doug Berven, POET vice president of corporate affairs. "We're open to reasonable adjustments to cellulosic numbers, but we think right now they're low. They should be a bit higher," he said.

Earlier this month, EPA announced a retroactively reduced 2013 cellulosic biofuel provision as part of the RFS due to the lowered production output by one of only two advanced biofuel plants the agency based its standard on last year.

The RFS requires EPA to evaluate what the agency anticipates cellulosic biofuel production for the coming year will be "and certainly that job is going to get easier as time goes on" and more plants come online, Standlee explained in response to a question posed by OPIS.

However, EPA should increase the RFS cellulosic biofuel target at least above expected production capacity for the year, speakers said. "For cellulosic ethanol, looking in the rear view mirror doesn't work," said Brent Erickson, executive vice president of the Industrial and Environmental Section of the Biotechnology Industry Organization.

"With the uncertainty of the RFS as it is today, if the EPA sets it at production levels ... there's no pull," added Berven. "There's no incentive for further investment. There's got to be some kind of pull," he said. "The certainty is the thing that is going to pull more innovation in the market and that's lacking right now obviously," he continued. "The RFS just needs to be enforced as it is. That will be the pull necessary for many more cellulosic plants to come online," he added.

The speakers also relayed the need for the overall RFS targets to be increased in a final 2014 rule. POET has a joint venture with DSM on its cellulosic biofuel project. DSM "wrote a \$150 million check [for the joint venture project] because of the RFS," Berven said. "Without the RFS, they wouldn't have written that check. And with all the uncertainty right now, they wouldn't have written that check. That's a significant impact right there," he said. "The only way we can sell ethanol to our competitors [in the oil industry] ... is to have some government incentive to get them to do it. They are not going to limit their marketshare," he said. "This is all about marketshare and it's about politics and we hope the government stands up and stands behind the RFS," he added.

"It is largely because of the RFS that we have innovated in this country," explained Standlee, noting it provides market certainty. After EPA's 2014 RFS proposal came out last fall, "Abengoa had a board meeting and said ... we're doing this based upon the policy of the RFS. If that's in question, we are putting a hold on all future investments in the U.S. until it's resolved," he said, noting the company finds Brazil "a very attractive market. ... We're looking at all of those options," he added.

--Rachel Gantz, rgantz@opisnet.com

The dates and location for this year's 6th Annual OPIS RFS2, RINs & Biodiesel Forum have been finalized. Please visit [www.opisnet.com/events/rfs2rins/](http://www.opisnet.com/events/rfs2rins/) to register now and take advantage of the \$300 discount - it's the largest we'll offer. You can also request session details be sent to you as soon as they become available. Attendance grew by over 35% last year. Make sure you join us October 16-17, 2014 in Chicago so you can learn how to stay in compliance and avoid hefty fines!

Copyright, Oil Price Information Service

---  
You are currently subscribed to opisethanol as: Michael.mcadams@hklaw.com.

To unsubscribe, please send your request via email to [opissales@ucg.com](mailto:opissales@ucg.com) To find out more about OPIS visit us @ <http://www.opisnet.com>

---

\*\*\*\*IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, WE INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS COMMUNICATION (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN BY HOLLAND & KNIGHT LLP TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (I) AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (II) PROMOTING, MARKETING, OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED MATTER HEREIN.\*\*\*\*

---

NOTE: This e-mail is from a law firm, Holland & Knight LLP ("H&K"), and is intended solely for the use of the individual(s) to whom it is addressed. If you believe you received this e-mail in error, please notify the sender immediately, delete the

e-mail from your computer and do not copy or disclose it to anyone else. If you are not an existing client of H&K, do not construe anything in this e-mail to make you a client unless it contains a specific statement to that effect and do not disclose anything to H&K in reply that you expect it to hold in confidence. If you properly received this e-mail as a client, co-counsel or retained expert of H&K, you should maintain its contents in confidence in order to preserve the attorney-client or work product privilege that may be available to protect confidentiality.